

**Iowa Finance Authority Tentative State Housing Trust Fund
2007 Allocation Plan**

SECTION 1. INTRODUCTION, PURPOSE AND DEFINITIONS

1.1 State Housing Trust Fund. In accordance with Iowa Code section 16.181 a housing trust fund (Fund) is held within the Iowa Finance Authority (IFA). The moneys in the Fund are to be used for the development and preservation of affordable housing for low-income people in the state. The two programs operated under the Fund are the Local Housing Trust Fund Program and the Project-Based Housing Program.

1.2 Adoption of a Trust Fund Allocation Plan. IFA has adopted this 2007 trust fund allocation plan (Plan). The purpose of the Plan is to set forth the criteria that IFA will use in making awards of moneys held in the Fund. IFA anticipates adopting a new Plan on an annual basis.

1.3 Documents Incorporated by Reference. Iowa Code section 16.181 is incorporated by reference in the Plan. The Plan will be deposited in the Iowa State Law Library. Statutory references are also available in the Iowa State Law Library.

1.4 State Housing Trust Fund Advisory Board. The IFA Board will appoint members to a State Housing Trust Fund Advisory Board, such board to be made up of representatives from the housing industry. This board will meet as necessary to advise IFA on the Plan.

1.5 Amount Available. Prior to the application deadline, the Authority will post on its web site at www.ifahome.com the Available Moneys for such round.

1.5.1 Sixty percent of Available Moneys in the Fund shall be allocated to the Local Housing Trust Fund Program. An award from the Local Housing Trust Fund Program shall not exceed 10% of the balance of assets held in the program at the beginning of the applicable fiscal year plus 10% of any deposits made during the applicable fiscal year.

1.5.2 Forty percent of Available Moneys in the Fund shall be allocated to the Project Based Housing Program.

1.5.3 Any Available Moneys remaining in the Local Housing Trust Fund Program on April 1 of each fiscal year which have not been awarded may be transferred to the Project Based Housing Program at any time prior to the end of such fiscal year.

1.5.4 Unencumbered and unobligated moneys remaining in the Fund at the close of each fiscal year shall remain available for expenditure for the same purposes in the succeeding fiscal year.

1.6 Definitions. The following terms shall have the meanings set forth herein unless context clearly requires a different meaning.

Available Moneys: *the amount of money determined by IFA to be available for distribution from the Fund in the applicable funding round. IFA will annually calculate and announce the Available Moneys. Available Moneys will consist of the following: (1) interest earned on Fund assets during the prior fiscal year; (2) moneys appropriated to or deposited in the Fund, from any source, for use in a specific funding round; (3) moneys transferred by IFA to the Fund for a specific funding round; (4) awards returned during the prior fiscal year; and (5) other moneys held in the Fund, as determined by IFA.*

Expend: *moneys awarded from the Fund in a prior year that have been spent, paid-out or specifically committed to be spent on the applicable project/activities. Any funds committed but not yet spent must have been identified and outlined in the Timeline and Draw Request Schedule contained in the Grant Agreement from a prior year's award.*

Extremely Low-Income People: *an individual or family with incomes, adjusted by family size, of not more than 30% of the greater of (1) the county or (2) statewide (as applicable) median income limit as published annually by IFA for the Fund.*

Housing Assistance Plan (HAP): *a comprehensive study of the housing needs/gaps of the geographic area the applicant serves or intends to serve. Housing Assistance Plans (HAPs) submitted to IFA for the 2007 funding round must contain at a minimum a narrative sufficiently addressing the following bullets:*

- *The HAP should be in the applicant's own words and the document should be no more than ten pages. A listing (bibliography) of the data sources from which the information was gathered should be included in the document;*
- *The HAP must be comprehensive and identify gaps in housing needs;*
- *Define the entire geographic area the applicant serves;*
- *Address the need for the proposed activities;*
- *Address to which activities priority and/or preference will be given;*
- *Address the sources, groups and organizations the applicant will be collaborating with in order to fulfill the proposed activities;*
- *Address the economic, social and health related benefits your city/community can anticipate as a result of the Local Housing Trust Fund and the HAP;*
- *Applicants must address their program guidelines, which at a minimum include:*
 - *Types of projects which the fund will invest – rental, new construction, first-time homebuyer*
 - *Types of investments the fund will make (loans, grants, etc.)*
 - *Required terms and conditions of the investment, including types of security, regulatory agreements/periods of affordability*
 - *\$\$ limits per unit or per project*

- *Income limits and/or targeting goals*
- *Developer/owner eligibility requirements*
- *Underwriting requirements*
- *Borrower or project match/leverage requirements*
- *Address the fundraising activities your organization has conducted over the last year;*
- *Address your efforts to raise additional funds over and above the funds normally received by your housing trust fund. (Note: applicant could address this issue by pointing out the new/additional sources of funding obtained since the prior fiscal year's budget).*
- *Address the housing needs of the extremely low-income persons it serves and outline the measures it (or other sources, groups or organizations) will take to serve individuals or families with incomes, adjusted by family size, of not more than 30% of the greater of (1) the county or (2) statewide (as applicable) median income limit as published annually by IFA for the SHTF.*
- *Address the continuum of housing needs which are: (1) homelessness (2) transitional housing (3) rental and (4) homeownership. (Note: information derived from the HUD approved Consolidated Plans may be included in this narrative).*
- *If applicable, the HAP should address the following issues:*
 - *the housing needs of inner city neighborhoods;*
 - *areas with stagnant or declining housing markets, and*
 - *underserved areas or populations.*

LHTF: Local Housing Trust Fund

Local Match: *Eligible Local Match may include but is not limited to contributions by local governmental units, or by local or regional agencies, public or private. Contributions may include but are not limited to: land, buildings, infrastructure, cash, TIF proceeds, tax abatement, value received from enterprise zone site remediation (Brownfield), private contributions, loans at substantially below market interest rates or with favorable features such as delayed principal and interest, utility cost reductions, employer assisted housing programs (EAH), rent or operating deficit guarantees, the value of a charitable property tax exemption for non-profits, a below market rate loan or grant from the Federal Home Loan Bank through a member bank, infrastructure improvements and equity contribution by a developer/ownership entity from the project location (a deferred development fee contributed by a developer from the location where a project will be built does not qualify as Local Match), an equity contribution by a tax exempt developer/ownership entity from the project location, the value of an in-kind contribution by a tax exempt organization, tax exempt bond financing from a local political subdivision and property acquired at below appraised value from a local political subdivision. HUD HOME funds are not considered a Local Match. HUD CDBG funds may be considered Local Match if such funds were not previously committed for housing. For example, the governing body (city or county) must determine*

and substantiate that they have control over these monies and are giving these monies to the LHTF to be spent for housing. These monies will then be considered as local match OR if the applicant can demonstrate that they have new money from CDBG, etc, for housing (this could be demonstrated by comparing the previous year's budget with the present fiscal budget) then these monies will be considered as local match. IFA will consider on a case-by case basis. Housing dollars already committed to a specific program or project will not count as Local Match (i.e. local or State HOME, CDBG, etc).

Low to Moderate Income People: *An individual or family with incomes, adjusted by family size, of not more than 110% of the greater of (1) county or (2) statewide (as applicable) median income limit as published annually by IFA for the Fund.*

Low-Income People: *an individual or family with incomes, adjusted by family size, of not more than 80% of the greater of (1) county or (2) statewide (as applicable) median income limit as published annually by IFA for the Fund.*

Metro County: *The counties of Benton, Black Hawk, Bremer, Dallas, Dubuque, Grundy, Guthrie, Harrison, Johnson, Jones, Linn, Madison, Mills, Polk, Pottawattamie, Scott, Story, Warren, Washington and Woodbury.*

Newly Formed Local Housing Trust Fund: *A certified and approved local housing trust fund not previously funded with State Housing Trust Fund monies.*

Non-Metro County: *Those remaining counties in Iowa not included under Metro County.*

Very Low-Income People: *an individual or family with incomes, adjusted by family size, of not more than 50% of the greater of (1) county or (2) statewide (as applicable) median income limit as published annually by IFA for the Fund.*

1.7 Funding Cycle/Application Submittal.

1.7.1 Information regarding the funding cycle, schedule, and where applications are to be submitted have been posted on the IFA website at www.ifahome.com.

1.8 Compliance. Each entity receiving monies from the Fund shall submit a report no later than May 15th and November 15th to IFA itemizing expenditures of the awarded money as of April 30th and October 31st. The reporting format will be posted on the IFA website.

1.9 Grant Period and Timely Use of Awarded Funds.

1.9.1 The grantee will have two years in which to Expend all funds received from the Fund in accordance with the grant agreement.

1.9.2 Grantees must be in compliance with section 1.9.1 above to be eligible for subsequent awards from the Fund.

SECTION 2. Local Housing Trust Fund Program

2.1 Performance Goal. The goal is to provide financial assistance to local housing trust funds applicants.

2.2 Eligible Applicants. Eligible applicants are local housing trust funds that have met the requirement of section 2.3.

2.3 Approval of Local Housing Trust Fund. The IFA Board will approve local housing trust fund applicants. Information necessary to establish satisfaction of these requirements must be submitted to IFA. IFA will notify the local housing trust fund applicant (1) of its approval as to eligibility or (2) as to the reasons the approval was not given. Certification of the local housing trust fund will be reviewed by IFA prior to IFA's review of the application for funds. After initial certification and thereafter, the Housing Assistance Plan (HAP) must be updated at the time of application for funding. IFA will review the approvals in connection with each application for an award from the Fund. A local housing trust fund applicant on IFA's approved list may or may not meet the particular program guidelines for an award. IFA will maintain a list of approved local housing trust funds on its website.

A local housing trust fund applicant must satisfy all of the requirements listed below in order to be certified as a local housing trust fund and the following must be submitted to IFA as part of the certification process:

2.3.1 Organizational Documents: Such as, Articles of Incorporation, Bylaws, Resolutions, Operating Agreement, Partnership Agreement, IRS 501(c)(3) letter, current listing of all members of the Board of Directors, including name, address, beginning and ending dates of term and whether they are affiliated with local government and in what capacity or if they are public officials.

2.3.2 The mission statement of the LHTF must state that its primary purpose concerns affordable housing.

2.3.3. The organizational documents must require regularly scheduled meetings at which minutes of meetings, etc. are kept.

2.3.4 The LHTF must hold at least one public hearing a year in order to solicit comments from the public as to their annual plan/budget, the IFA application to be submitted, the project or projects that will be financed with funds and how such funds should be allocated.

2.3.5 Meetings must also comply with Open Meetings Law and Open Records Act. Please refer to Iowa Code, Chapters 21 and 22 respectively for more information.

2.3.6 The LHTF must have a local governing board recognized by the county, council of government, incorporated cities, or regional officials as the board responsible for coordinating local housing programs. A Resolution and/or Ordinance from each county and incorporating city that will be participating in the LHTF will be required. As part of the certification process, IFA may ask for letters of support, Resolutions and/or Ordinances from other cities within the region as evidence of collaboration and the ability to partner. **Local Housing Trust Funds approved prior to the effective date of this 2007 Allocation Plan will comply with the Plan in effect at the time they were certified by the IFA Board.**

2.3.7 The LHTF must demonstrate that it possesses sufficient administrative capacity in regard to housing programs and the experience necessary to successfully plan and execute the proposed activities in a timely manner.

2.3.8 The LHTF applicant must have the following in place prior to certification by IFA:

2.3.8.1 Local governing board comprised of no more than 50% of individuals from local government/public officials. Local government/public officials who themselves are also employed in the private sector are to be considered as members representing local government (the public sector) and are not to be considered as representing the private sector.

2.3.8.2 HAP approved by IFA.

2.3.8.3 If the LHTF is part of another organization, the Trust Fund Board must be separate and distinct from the organization and make all final funding decisions.

Example of a situation not preferred by IFA: The parent organization does not have as its first priority housing; the parent organization is not distinct from the LHTF and its employees also comprise the Board of the Trust; the parent organization also makes funding decisions and rather than allocating the funds to other organizations, the parent organization is a recipient of the majority of the funds.

Example of a better arrangement: The LHTF is a complete distinct and separate organization from the parent organization. The Trust Fund Board makes all funding decisions. However, several members of the Trust Fund Board are also employees of the parent organization.

2.3.9 The LHTF must be an active, vital organization.

2.3.10 The LHTF must be community-based and should be the distributor of funds to other organizations.

2.3.11 The LHTF should have a Board which is community-based, with members from the private sector (e.g., bankers, realtors, etc.).

2.3.12 The LHTF must be a broad-based committee (separate from a Local Governing Body) which makes funding decisions.

2.3.13 A county is eligible to apply as a LHTF regardless of the population of the county.

2.3.14 If a city applies as the LHTF, the geographic area served must be a population of at least 10,000.

2.4 Program Guidelines.

2.4.1 The applicant must demonstrate sufficient administrative capacity and the experience necessary to successfully plan and execute the proposed activities in a timely manner.

2.4.2 The applicant must have a Local Match, as described in Section 2.6. Also see the definition of Local Match in Section 1.6, Definitions.

2.4.3 The applicant must demonstrate collaboration and/or networking with and support from the local entities (including but not limited to local government, non-profit, neighborhood organizations, for-profit housing organizations and other local service organizations or businesses) with respect to the proposed activities. This will be in the form of a resolution and/or letters of support.

2.4.4 The applicant must demonstrate a need for the proposed activities.

2.4.5 Applications must be on behalf of affordable housing for Low-Income People.

2.4.6 No fax or email applications permitted or accepted.

2.4.7 Moneys from the Fund may be used for on-going administration of the local housing trust fund applicant, **not to exceed 10% of the total award under this Allocation Plan. (Also see Section 2.7.3.)**

2.4.8 Applicants must define the geographical area they are intending to serve.

2.4.9 Thirty percent (30%) of the Local Housing Trust Fund Program moneys must be targeted to serve Extremely Low-Income People. This requirement could be met through assistance to homeless or domestic violence shelter(s), transitional housing projects, housing for persons with disabilities, etc.

2.5 Awards.

2.5.1 If the jurisdiction covered by an applicant exceeds a population of 50,000, the applicant may apply for up to \$200,000 from the Local Housing Trust Fund Program.

2.5.2 If the jurisdiction covered by an applicant has a population of less than 50,000, the applicant may apply for a maximum of \$100,000.

2.5.3 IFA reserves the right to determine the final amount of the award. The final amount may be less than or greater than the amount applied for.

2.6 Local Match.

2.6.1 The minimum Local Match is 25% of the total amount requested from the Fund.

2.6.2 Increased Local Match (above the 25% minimum) increases the applicant's scoring under section 2.8.

2.6.3 No more than 25% of the total proposed Local Match may be administrative and technical assistance cost or fees (in-kind or paid from an outside source) from the applicant's current or proposed budget.

2.6.4 Local Match must include local government and/or local private sector contributions.

2.7 Eligible Uses.

2.7.1 The Fund must benefit Low-Income People.

2.7.2 Awards may be used for housing, infrastructure, transitional, homeless, homeownership (production or rehabilitation), rental (affordable), and capacity building or other purposes that further goals of the Fund.

2.7.3 Administrative Fees are acceptable above 10% and not to exceed 25%, (See Section 2.4.7) only if they are used as seed money or startup funds for the 1st year of a newly formed local housing trust fund.

2.8 Selection Criteria Scoring. Regardless of whether you have been previously awarded or not, you must be certified by the Iowa Finance Authority at least 30 days prior to submitting an application for this program.

2.8.1 Applicants must complete the application in its entirety including all exhibits.

2.8.2 Applicants must meet a minimum score of 75 in order to be considered for funding.

2.8.3 Need for housing in the community 0-25 points

2.8.4 Impact of activity 0-25 points

2.8.5 Financial & overall feasibility of activity 0-25 points

2.8.6 Leveraging & partners in activity 0-25 points

2.8.7 Administrative capacity of eligible applicant 0-15 points

2.8.8 Timeline of Fund activity 0-05 points

2.8.9 Newly Formed LHTF(s) 0-25 points

SECTION 3 Project Based Housing Program

3.1 Performance Goal. The goal is to assist in funding development and preservation of affordable housing. The Project Based Housing Program will be used for the creation of additional single family and multifamily units. The housing must be affordable to Low-Income People. Owner-occupied rehabilitation is not eligible under the Project Based Housing Program.

3.2 Local housing trust funds are not eligible to apply for the project-based housing programs.

3.3 Eligible applicants***Ineligible Applicants.***

Eligible Applicants are those listed in 3.3.1 thru 3.3.9.

3.3.1 Cities and counties.

3.3.2 Non-profit housing organizations.

3.3.3 For-profit housing development organizations.

3.3.4 Recognized neighborhood associations.

3.3.5 Economic development organizations.

3.3.6 Homeless services providers.

3.3.7 Transitional housing providers.

3.3.8 Domestic Violence Shelters.

3.3.9 Ineligible applicants. An application received on behalf of, from or as part of the jurisdiction that is included in a Local Housing Trust Fund under Section 2.3.6 is not eligible for a Project Based Housing Program award.

3.4 Eligible Uses.

3.4.1 New construction.

3.4.2 Conversion to affordable housing.

3.4.3 Acquisition/demolition.

3.4.4 Acquisition/rehabilitation (also see 3.4.8).

3.4.5 Acquisition/rehabilitation/resale.

3.4.6 No funds may be used for infrastructure unless the infrastructure is associated with the immediate production of new units.

3.4.7 If the request is for homeless, domestic violence shelter or transitional housing, at least 75% of the funds must be used for hard construction costs and up to 25% can be used for supportive services. The funds must be for new units.

3.4.8 The funds received under this program must actually produce new housing and cannot be used to purchase structures where the applicant currently operates a housing program.

3.5 Awards.

3.5.1 Maximum Application Amount: \$90,000.

3.5.2 IFA reserves the right to determine the final amount of the award. The final amount may be less than or greater than the amount applied for.

3.5.3 This program cannot be used with the Low Income Housing Tax Credit or Multifamily Lending Programs.

3.6 Program Guidelines.

3.6.1 The applicant must submit documentation of the need for the proposed number and type of units.

3.6.2 The proposed activity must better position the community to take advantage of economic opportunities or address an identified unmet housing need.

3.6.3 The financing gap cannot exceed the amount requested by the applicant.

3.6.4 The applicant must show local financial support and community partnerships for the proposed program.

3.6.5 An applicant must be able to complete the hard construction portion of the project within two years of signing an award contract.

3.6.6 The project must benefit Low-Income People.

3.6.7 Award conditions and amounts are subject to negotiations with the applicant.

3.7 Local Match.

3.7.1 The minimum Local Match is 10% of the total amount requested from the Fund.

3.7.2 Increased Local Match (above the 10% minimum) increases the applicant’s scoring under section 3.8.

3.8 Selection Criteria/Scoring.

3.8.1 Applicants must complete the application in its entirety including all exhibits.

3.8.2 Applicants must receive a minimum score of 75 in order to be considered for funding.

3.8.3 Need for housing in the community 0-25 points

3.8.4 Impact of project 0-25 points

3.8.5 Financial & overall feasibility of project 0-25 points

3.8.6 Leveraging & partners in project	0-25 points
3.8.7 Administrative capacity of project sponsor	0-15 points
3.8.8 Timeline	0-05 points